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CRS Issue Statement on the Korean Peninsula and Japan

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The Korean Peninsula and Japan represent a study in contrasts for U.S. foreign policy interests: the established democracies of Japan and the South Korea are long-standing U.S. military allies, while totalitarian North Korea represents one of the United States' biggest challenges through its production of nuclear weapons and missiles and its record of serious human rights abuses. Issues for Congress with respect to the three states relate to strategy and policies to maintain U.S. interests in security, stability, human rights, and trade and financial relationships both with and within the region.

The most prominent issue is North Korea's nuclear weapons program. For Congress, the major policy question is to what extent it should support a policy of engagement through diplomacy and incentives or a policy of coercion through additional pressure and confrontation, or a combination of the two. A challenge for the United States is balancing its desire to achieve a full dismantlement of North Korea's nuclear weapons program and prevent proliferation with concerns about: North Korea's willingness to stick with any deal, the continued evolution of its long-range missile capabilities, and the interests of the four other parties (China, South Korea, Japan, and Russia) in the Six-Party Talks over North Korea's program. The six parties have not held talks since December 2008. China's position as North Korea's dominant provider of energy, trade and aid, and diplomatic support raises questions about how hard Washington should pressure Beijing to cooperate with U.S. goals. Additional uncertainty has been added to the entire basket of North Korean issues by the emergence of signs of instability inside North Korea, including North Korean leader Kim Jong-il's reported health problems, an anticipated succession process, and an apparent crackdown against market activity inside North Korea.

In addition to security issues, North Korea's human rights record, along with the plight of North Korean refugees, continue to elicit concern. Further law enforcement concerns exist with North Korea's counterfeiting and narcotic trafficking programs.

Political dynamics in Japan and South Korea present both challenges and opportunities for U.S. foreign policy. In South Korea, President Lee Myung-Bak came into office in February 2008 with a goal of upgrading ties with Washington, and as of early 2010 U.S.-South Korean relations arguably are the best they have been in a decade. The two sides' coordination on North Korea policy has been particularly close. The state of the relationship was symbolized by the two presidents' announcement in 2009 of a "Joint Vision" that foresees the transformation of the alliance into a regional and even global partnership, in which the two sides cooperate on a myriad of issues. However, even as this broader vision is pursued and the alliance's fundamentals appear to be solid, a number of items may cause disagreements or even more serious tensions between the United States and South Korea. Most prominently, support for the signed, but not-yet-ratified, South Korea-U.S. Free Trade Agreement (KORUS FTA) is uncertain in the Obama Administration and in Congress. Approval of the House and the Senate is required for the agreement to go into effect.

Tensions in U.S.-Japan relations have been rising since the Democratic Party of Japan's (DPJ) landslide victory in the August 2009 election for the Lower House of Japan's legislature. The DPJ's win ended over a half-century of virtually uninterrupted rule by the Liberal Democratic Party (LDP). While most members of the left-of-center DPJ are broadly supportive of the U.S.-Japan alliance, the DPJ government of Prime Minister Yukio Hatoyama has questioned several features of the U.S.-Japan relationship, particularly a previously negotiated U.S.-Japan agreement to relocate the U.S. Marine base in Futenma to a less densely populated area of the island of Okinawa. Additionally, the Hatoyama government has decided to withdraw Japan's naval deployment in the Indian Ocean that has been providing non-combat support to U.S. and allied

forces in Afghanistan. Instead, Tokyo has announced a new \$5 billion aid package for Afghanistan. Economic tensions also have risen over Japan's "cash for clunkers" program because of concerns that it discriminates against sales of new foreign automobiles. If not contained, these bilateral problems could jeopardize coordination between Washington and Tokyo across a range of issues, including energy and climate change initiatives.

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